

Testimony in Opposition to Senate Bill 13: An Act Reducing Prescription Drug Prices.

March 1, 2022

To Chairs Lesser and Wood, Ranking Members Hwang and Pavalock-D'Amato, and the Honorable Members of the Connecticut Legislative Joint Committee on Insurance and Real Estate, we respectfully write in opposition to Senate Bill 13. The proposed legislation would serve as a deterrent to the research and development of innovative prescription medicines and therapies within the Connecticut Bioscience industry and could potentially jeopardize patients' access to future medical advances.

Today, meaningful therapies for people living with rare diseases are only available for 5% of the more than 7,000 known rare diseases. At Alexion, our goal is for people living with a rare disease to receive the medicines they need. For 30 years, Alexion has focused our scientific work, right here in Connecticut, on researching and developing transformative medicines for rare and ultra-rare diseases. While we appreciate the Governor's laudable goal of expanding access to affordable, high-quality care for all Connecticut residents, the policies in the proposed bill will act to discourage research and development, especially for the hardest to treat conditions like cancer and rare diseases, without addressing the root cause of patients' biggest concern – the rising out-of-pocket costs resulting from growing deductibles, copayments, and coinsurance.

We have serious concerns about the provisions in Sections 3,4, and 5 of Senate Bill 13. Sections 3 and 4 would impose price controls on medicines sold in Connecticut while Section 5 would create a Canadian drug importation program. The price control provisions of the legislation will establish a reference price for all medicines, making it the first State in the country to implement such an approach for prescription drugs. It would require a drug manufacturer to pay an 80 percent penalty on price increases that exceed the established reference price, which is adjusted annually by CPI-U, plus 2 percent, compounded annually.

Implementing price controls will have serious repercussions for patients and future medical innovation in the state and add significant constraints on pharmaceutical manufacturers' ability to research and develop new treatments. The proposal will penalize manufacturers for certain increases in a product's wholesale acquisition cost but ignores the fact that there may be no corresponding increase in net price of the product. Pharmaceutical manufacturers, like Alexion, already provide significant rebates and discounts to health insurers and pharmacy benefit managers to assist in lowering costs for patients, but these savings are not passed directly to the patient to offset their out-of-pocket costs. Addressing patient's out-of-pocket costs is more effectively done by allowing patients to benefit directly from the rebates already being provided by manufacturers than by enacting price controls that will stifle investment in research and harm patients by delaying access to medical advances.

While importing prescription drugs from Canada seems like an easy way to access lower cost medicines, the reality is the challenges in gaining federal approval and operationalizing such a program makes it very unlikely that the state and its residents will realize any savings from such a program.

Also, the importation of unapproved medicines, from Canada or elsewhere in the world, poses a serious risk to public health, especially for patients living with a rare disease who have few treatment options available. The unfortunate reality that the resources required to ensure the safety and efficacy of any drugs being imported from other countries, e.g., for FDA inspections and law enforcement, are going to outweigh any potential savings that might materialize.

The biopharmaceutical industry is an essential driver of the Connecticut economy, an innovative ecosystem that supports more than 35,000 total jobs and \$9 billion in economic output. If enacted, not only could this bill cost thousands of jobs, but it could also have a detrimental effect on innovation and harm patients depending on the next discovery. The provisions of this bill send a message to biopharmaceutical companies that Connecticut is not committed to supporting the investments necessary to foster and develop a robust and sustainable bioscience ecosystem. The General Assembly's health care efforts should be focused on policy solutions that will help patients while not sacrificing access to medicines and future innovations.

We and the other member companies of the Connecticut Bioscience industry stand ready to work with you to address the real factors that affect rising health care costs on Connecticut residents but urge you to oppose this potentially harmful proposal currently.